

**CHANGE REQUEST / AMENDMENT**  
**PIJ HS20003 - Licensing System Implementation**  
DEPARTMENT OF HEALTH SERVICES

**Amended 5-Year Lifecycle Budget Estimate:**

Total Development Budget	\$16,320,252
<u>Total Operational Budget</u>	<u>\$17,532,226</u>
Total Overall Budget	\$33,952,478

**Areas Affected:**

End Date	Yes
Development Costs	Yes
Scope	Yes

Current End Date: 10/01/2020

Revised End Date: 11/19/2021

**Change Description:**

**Current Amendment 01: 11/18/2020**

A voter initiative in the November 2020 election, if passed, sets parameters for the recreational use of marijuana in Arizona. ADHS IT is partnering with the ADHS Division of Licensing to seek approval to build services online in support of the initiative; some of which must be online by January 19, 2021. Included in this proposal is additional functionality to add shared value to both Marijuana Programs (Medical and Recreational).

With this change request, ADHS is requesting approval to introduce recreational marijuana functionality into the existing medical marijuana licensing system developed during this project (HS20003).

**RISK**

The system integration statement of work is a time and materials contract containing a total cost estimate. A 30% contingency was added to this line item as a risk mitigation strategy to allow for additional project expenses beyond the statement of work estimates. Recreational marijuana rules are currently being established so it is possible some application features may require additional effort than initially estimated.

**DEPENDENCIES/CONSTRAINTS**

Besides ITAC approval, there are no dependencies to begin to tackle the scope of this effort. Both the ADHS and Slalom teams are planned to be staffed sufficiently to execute.

**Previous Amendment 01: 05/20/2020**

ADHS seeks to expand the use of the existing system integration team (SHI) to leverage the successful December 2019 and upcoming May and June releases of the medical marijuana system components and respond to unforeseen COVID-19 impediments to Agency staff, Agency priorities, Medical Marijuana dispensaries owners, and the general public.

This change includes a 12-month maintenance and operations plan aiming to completely transition full-time ADHS staff to maintain their application. Specific changes to the project milestones are:

1. To add additional organizational change management resources to milestone M-2249 "Release 1B-Deployment, Training, & Support"
2. To remove milestone M-2251 "Post Go Live Support".
3. To add a new Y1 milestone for Maintenance and Operations Support
4. Retain IV&V services for the remainder of Y1
5. Strategic shift to reduce Maintenance and Operations previously budgeted for consultants to full-time staff.

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**AMENDED FINANCIAL DETAIL:**

**Original PIJ Financials: 09/18/19 ITAC**

<i>Five Year Life-Cycle Summary</i>						
<i>Cost Description</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Total</i>
Development Costs	\$5,423,635	\$0	0	\$0	\$0	\$5,423,635
Operational Costs	\$0	\$3,381,453	\$3,492,333	\$3,492,333	\$3,332,173	\$13,698,293
Total Project Costs	\$5,423,635	\$3,381,453	\$3,492,333	\$3,492,333	\$3,332,173	\$19,121,929

**Amended PIJ Financials: 5/20/2020 ITAC**

<i>Five Year Life-Cycle Summary</i>						
<i>Cost Description</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Total</i>
Development Costs	\$7,883,884	\$0	\$0	\$0	\$0	\$7,883,884
Operational Costs	\$0	\$7,681,543	\$2,548,013	\$2,548,013	\$2,548,013	\$15,325,583
Total Project Costs	\$7,883,884	\$7,681,543	\$2,548,013	\$2,548,013	\$2,548,013	\$23,209,458

**Current Amendment PIJ Financials: 11/18/2020 ITAC**

<i>Five Year Life-Cycle Summary</i>						
<i>Cost Description</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Total</i>
Development Costs	\$7,883,884	\$5,660,400	\$2,775,968	\$0	\$0	\$16,320,252
Operational Costs	\$0	\$7,681,543	\$3,283,561	\$3,283,561	\$3,283,561	\$17,532,226
Total Project Costs	\$7,883,884	\$13,341,943	\$6,059,529	\$3,283,561	\$3,283,561	\$33,852,478